

Service Date July 26, 1973

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

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IN THE MATTER OF the application	)	UTILITY DIVISION
of the MONTANA POWER COMPANY to	)	
increase its rates and charges	)	DOCKET NO. 6193
for natural gas service as	)	ORDER NO. 4114
provided for in the "Cost of	)	
Purchased Gas Adjustment Clause"	)	
set forth in Order No. 4068,	)	
Docket No. 6100.	)	

\* \* \* \* \*

On May 23, 1973, the Montana Power Company filed an application for implementation of the "Cost of Purchased Gas Adjustment Clause" contained In Order No. 4068, Docket No. 6100. This application contained exhibits setting forth the projected cost of both Canadian and Montana purchased gas.

Due to the presidential price freeze, the Company on June 21, 1973, withdrew their application of May 29, 1973. and filed another application, with exhibits, pertaining only to the cost of purchased Canadian gas.

The Company requested that the increased cost of purchased gas be spread amongst all classes of customers.

The Company is the owner of considerable gas reserves, which of course do not come under the "Cost of Purchased Gas Adjustment Clause" as they are produced by the Company and

therefore not purchased gas.

The Commission is in agreement with Mr. Justice Jackson, who so aptly stated that the natural resources of this country belong to the people.

In following this philosophy the Commission in determining equitable distribution of the increased cost of purchased Canadian gas finds that the costs so incurred shall be distributed amongst the contract customers and those customers served under the General Service Rate Schedule of a nonresidential nature.

This allows the residential customers or the people the full benefit of the owned reserves and allows for an equitable distribution of the increased cost of purchased Canadian gas and the concomitant equitable, fair and just rearrangement of the rate structure for natural gas service. Under the distribution of the increased cost of purchased gas ordered herein, the costs will fall upon those who in the main created the need for Canadian gas purchases and who, in the opinion of the Commission, under an equitable rate structure must be required to assume these costs.

Therefore from the evidence and for the reasons stated above the Commission makes the following:

#### FINDINGS OF FACT

1. That the Montana Power Company is a public utility furnishing electric, gas and water service in the State of Montana and is subject to the jurisdiction and authority of

this Commission.

2. That Order No. 4068, Docket No. 6100 provided a "Cost of Purchased Gas Adjustment Clause".

3. That the cost of purchased Canadian gas has and will continue to increase since the end of the period covered by Order No. 4068.

4. That the base to be used in computing increases or decreases in costs of Canadian purchased gas will be 23.93 cents per MCF for industrial contract, contract and non-residential computations.

5. That any increase or decrease in cost of purchased Canadian gas determined shall be assigned to industrial contract customers and nonresidential General Service Customers of the Company and contract customers and non-residential customers of the Great Falls Gas Company.

6. That the Company shall on or before the fifteenth day of each month file a statement setting forth the costs and volumes of purchased gas from all sources.

7. That any decrease or increase so computed for purchased Canadian gas will be applied to billings for gas volumes delivered in the preceding month to industrial contract customers including Great Falls Gas Company contract customers.

8. That increases or decreases in costs of purchased

Canadian gas to be assigned to non-residential customers, including Great Falls Gas Company non-residential customers, shall be computed quarterly and will be applied by rate schedule supplements effective with meter readings in the month that the quarterly computations have been made.

9. That deliveries of 26,295, 219 MCF, including Great Falls Gas Company contract customers, to contract customers at contract sales pressure base and deliveries of 14,407,285 MCF to non-residential customers, including Great Falls Gas Company non-residential customers. at sales pressure base be used in computing and allocating any increase or decrease in the cost of purchased Canadian gas during the initial period July 1, 1973. through June 30, 1974. Thereafter base volumes shall be adjusted annually.

10. That any increases determined will be restricted to computation base volumes, which shall be adjusted annually.

11. That computations made will include amounts collectible by the Great Falls Gas Company and payable by them to the Montana Power Company.

12. That the Company shall file a monthly statement showing volumes delivered to industrial contract customers, contract customers and non-residential customers.

13. That any increases determined above shall not be applied to volumes delivered to residential customers, including residential customers of the Great Falls Gas Company.

14. That the rate structures and rate schedules resulting from compliance with this order will be fair, just, reasonable and equitable.

#### CONCLUSION

The Commission concludes that the application of the Montana Power Company to increase its schedules of rates and charges so as to recover the increased cost of purchased Canadian gas be granted as set forth above and ordered herein below.

#### ORDER

NOW, THEREFORE, at a session of the Public Service Commission of the State of Montana, held in its offices at 1227 11th Avenue, Helena, Montana, on July 18, 1973, there being present Chairman Louis G. Boedecker and Commissioners Ernest C. Steel and Robert E. McTaggart, there regularly came before the Commission for final action the matters and things relating to the application of the Montana Power Company to increase its schedules of rates and charges for natural gas service so as to recover its increased cost of purchased Canadian gas as provided for in the "Cost of Purchased Gas Adjustment Clause", authorized in Order No. 4068, Docket No. 6100, and the Commission being fully advised in the premises:

IT IS ORDERED by the Commission that the Montana Power Company file monthly reports on the cost of purchased gas setting forth the volumes purchased and the cost per MCF from all sources from which purchased gas is obtained, the reports for each month beginning with July of 1973 to be filed on or before the fifteenth day of the succeeding month.

IT IS FURTHER ORDERED that using the base cost set forth in No. 4 above and using the delivery volume set forth in No. 9 above, monthly computations be made to determine any increase or decrease in the cost of Canadian purchased gas.

IT IS FURTHER ORDERED that any increase or decrease in the cost of purchased Canadian gas so computed be applied to billings for gas volumes delivered to industrial contract customers, including Great Falls Gas Company contract customers, in the preceding month and any increase or decrease computed quarterly beginning in October of 1973 using the base cost for Canadian purchased gas set forth in No. 4 above and the delivery volume set forth in No. 9 above, for non-residential customers, including non-residential customers of the Great Falls Gas Company, be applied to meter readings beginning with the month in which the quarterly computations are made.

IT IS FURTHER ORDERED that any increases so determined be limited to the delivery volumes set forth in No. 9 above. Such delivery volumes will be redetermined annually, after the initial twelve months.

IT IS FURTHER ORDERED that a cost of service study of its natural gas operations be made by the Montana Power Company

and the report of such a study be furnished the Commission by March 31, 1974.

IT IS FURTHER ORDERED that before any increase under this order may become effective, the Montana Power Company must certify that any required federal government approvals have been obtained.

IT IS FURTHER ORDERED that a full, true and correct copy of this order be sent forthwith by first class United States mail to the applicant.

The foregoing order was adopted by the Public Service Commission of Montana, with Commissioners Steel and McTaggart voting yea and Chairman Boedecker voting nay and reserving the right to file a dissent.

DONE IN OPEN SESSION at Helena Montana, this 18th day of July, 1973.

ERNEST STEEL, Commissioner

ROBERT E. McTAGGART, Commissioner

ATTEST:

GAIL E. BURKITT  
Secretary  
(Seal)

DISSENT OF CHAIRMAN LOUIS G. BOEDECKER

I am of the opinion that the procedure in considering this application should have been to have a full scale hearing and investigation of the natural gas operations of the Montana Power Company, including but not limited to a cost of service study of the natural gas operations. Under the above procedure

an equitable, fair and just rate structure would result for  
all classes of customers.

LOUIS G. BOEDECKER, Chairman

ATTEST:

GAIL E. BURKITT

Secretary

[Seal)